



NEWS RELEASE

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MARCH 26, 2006

FOR IMMEDIATE RELEASE

JURY CONVICTS GECKO COMMUNICATIONS OWNER, MANAGERS IN \$10.2 MILLION TELEMARKETING FRAUD

KANSAS CITY, Mo. – Bradley J. Schlozman, United States Attorney for the Western District of Missouri, announced that the co-owner and three office managers of telemarketing firm Gecko Communications, Inc., were convicted by a federal jury today for their roles in a \$10.2 million telemarketing scheme that defrauded an estimated 50,000 victims nationwide.

Zachery T. Whitehill, 29, of Sahuarita, Ariz.; **Jaime E. Cook**, 30, of Kansas City, Mo.; **Bradley L. Lovstad**, 44, of Muscantine, Iowa; and **Monty E. Wanless**, 30, of Kansas City, Mo.; were found guilty of all charges contained in a Nov. 17, 2004, federal indictment.

“Telemarketers deliberately targeted thousands of credit-challenged persons and promised them that, in exchange for a payment of about \$219, they would receive a major credit card,” Schlozman explained. “In reality, not a single customer received a credit card; at most, victims only received applications for credit cards. These were low-income and credit-challenged people who couldn’t qualify for credit, as the defendants knew, so an application was worthless to them.”

Following the presentation of evidence, the jury in U.S. District Court in Kansas City deliberated about 10 hours before returning the guilty verdicts to U.S. District Judge Nanette K. Laughrey, ending a trial that began April 17, 2006.

“These defendants were preying on vulnerable, low-income victims,” Schlozman said. “They used lies and double-speak to manipulate people, just so they could enjoy six-figure incomes and drive expensive cars. They knew that they were stealing from poor people, but all they cared about was getting the money.”

“The defendants exploited the poor on a grand scale”, said Kevin L. Stafford, Special Agent in Charge of the Kansas City FBI Office. “ We dedicated significant resources to this

investigation to ensure that justice was served.”

Whitehill was the co-owner of Gecko Communications, which was effectively shut down after the execution of federal search warrants on Feb. 22, 2001. **Cook, Lovstad** and **Wanless** were managers at various Gecko offices in Kansas City, Mo.; Shawnee, Kan.; Des Moines, Iowa; and Brooklyn, Iowa.

“Even the names of their companies – Gecko and Lizard Lists – reflect the unvarnished greed and uncaring duplicity with which they operated,” Schlozman said.

As a result of this telemarketing scheme, Schlozman said, consumers were defrauded of approximately \$10,203,878 between August 1999 and February 2001.

“Gecko took advantage of people with bad credit for the sole purpose of personal financial gain,” said James Vickery, Special Agent in Charge of IRS Criminal Investigation. “The prosecution of illegal money laundering schemes of this nature is critical to the enforcement of our nation's tax laws. IRS-CI has the financial investigators and expertise that is critical to locating the money and prosecuting the offenders.”

Gecko purchased lists of credit-challenged persons from various brokers. Telemarketers made unsolicited telephone calls to those residents throughout the United States and made false offers to provide pre-approved credit cards to those consumers who agreed to debit their bank accounts for an amount ranging between \$159.95 and \$229.95.

The sales script used by Gecko contained material misrepresentations and misleading statements of fact, including:

- * The representation that the telemarketers were employed with various entities, including Triple Gold Benefits, Alliance for Financial Security, Card America, Novella Credit Solutions, Key Credit Solutions, Credit Solutions, Vendon Credit Solutions, Alliance For Family Security, Titanium Financial Resources, Platinum 2000 and others, when in fact the telemarketers were employed with Gecko;

- * The representation that company records indicated that the consumer had been approved to receive a major unsecured Visa or MasterCard, when in fact no such company records existed and no one had been approved for a credit card;

- * The representation that the consumers’ credit had been upgraded and the credit card will have a limit ranging between \$2,500 and \$5,000, when in fact no consumer had their credit upgraded and no credit card had been sent in the fulfillment package;

- * The representation that the company was in the business of helping people establish credit by retaining counselors, when in fact Gecko was a telemarketing company in the business of soliciting telephone sales.

In addition to the conspiracy charge contained in the indictment, the jury also found **Whitehill, Lovstad** and **Wanless** guilty of three counts each of aiding and abetting wire and telemarketing fraud, related to a series of e-mail messages between Gecko owners and managers that were transmitted for the purpose of executing the fraud scheme.

Whitehill was also found guilty of one count of aiding and abetting money laundering. The jury found that **Whitehill** aided and abetted another by depositing \$50,000 that was derived from the unlawful wire fraud into an account at Bank of America in Kansas City, Mo.

Under federal statutes, **Whitehill** could be subject to a sentence of up to 45 years in federal prison without parole, plus a fine up to \$1,250,000 and an order of restitution. **Lovstad** and **Wanless** could be subject to a sentence of up to 35 years in federal prison without parole, plus a fine up to \$1 million and an order of restitution. **Cook** could be subject to a sentence of up to five years in federal prison without parole, plus a fine up to \$250,000 and an order of restitution. Sentencing hearings will be scheduled after the completion of presentence investigations by the United States Probation Office.

Five co-defendants have pleaded guilty to their involvement in the telemarketing fraud conspiracy.

Christopher L. Carlson, 36, of Glenwood, Iowa, pleaded guilty on March 10, 2006. **Jason R. Spencer**, 26, of Osceola, Iowa, pleaded guilty on March 9, 2006. **Steven T. Rice**, 44, of Kansas City, Mo., pleaded guilty on March 8, 2006.

Carlson admitted that he engaged in a telemarketing scheme to defraud while managing the Gecko office in Stanton, Iowa, between January 2000 and Feb. 22, 2001. **Spencer**, who managed the Gecko office in Kansas City, and **Rice**, who managed the Gecko office in Lawrence, Kan., pleaded guilty to the same conduct. In all three cases, the defendants sent payroll by e-mail from their offices to Kansas City.

In a separate but related case, **Christopher J. Ekeland**, 38, of Shawnee, Kan., pleaded guilty on Sept. 16, 2004, to telemarketing wire fraud and money laundering and agreed to forfeit \$10.6 million, derived from the proceeds of the telemarketing fraud, to the government, as well as two Guy Buffet paintings each valued at approximately \$3,000, 350 computers and related components seized from Gecko by law enforcement officers, and half the equity in his residence.

Ekeland, co-owner of Gecko Communications, is scheduled to be sentenced on May 25, 2006.

Also in a separate but related case, **Matt Thomas**, 28, of Brooklyn, Iowa pleaded guilty on Oct. 19, 2005, to misprison of a felony.

This case is being prosecuted by Assistant U.S. Attorney William L. Meiners. It was investigated by the Federal Bureau of Investigation, IRS-Criminal Investigation and the U.S. Postal Inspection Service.

This news release, as well as additional information about the office of the United States Attorney for the Western District of Missouri, is available on-line at

www.usdoj.gov/usao/mow